



# Seattle District Office *SBA Reporter*

*Your Small Business Resource*

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## **U.S. Small Business Administration**

### **Seattle District Office**

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*All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.*

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## **Wanted: Washington State Small Business Person of the Year!!!**

The nomination deadline for the U.S. Small Business Administration's 2006 awards competition is Nov. 3. Nominations may be made in more than one category from any individual or organization, such as professional and trade associations, chambers of commerce, banks, or an employee of a nominated small business. Self nominations are accepted. On-line nominations and more information about the awards are available by going to <http://www.sba.gov/wa/seattle/AwardComp.html>. Questions about nominations and requests for nomination forms can also be directed to Sherry Mina, 206-553-7316, [sherry.mina@sba.gov](mailto:sherry.mina@sba.gov).

## **FY '05 – Another Record Year for SBA Lending**

Small businesses turned to the SBA for commercial financing in record numbers in fiscal year 2005, securing 97,891 loans totaling \$18.9 billion through its two main small business loan programs.

The SBA guaranteed 88,912 loans through the 7(a) program for a total of \$14 billion, a 23 percent increase in the number of loans compared to the previous fiscal year. In the 504 program, 8,979 loans were made for \$4.9 billion. The number of loans is up 16 percent compared to last fiscal year.

SBA Administrator Hector Barreto [said](#) the agency's loan activity is not only good for America's small businesses, "It's also a positive thing for the taxpayers. This year modest fees paid by the lenders and borrowers have allowed us to meet the extraordinary demand for these loans and dollars without taxpayer expense."

**Meanwhile, lending in the SBA Seattle Office** territory was also at a record pace for the 7(a) loan program. One hundred and six SBA lenders made 2,198 7(a) loans totaling \$407 million. This compares to 2,057 loans last year for \$359 million. Volume for 504 loans was down slightly, although the dollars loaned was up from last year: 165 loans for \$85.5 million, compared to 185 loans for \$84 million last year.

**See page 4 for lender rankings.**

## **Seattle SBA Office Moving**

On Oct. 31, the SBA Seattle District Office will have relocated to the Fourth and Battery Building, 2401 Fourth Avenue, Suite 450, 98121. Seattle SCORE counseling and workshops, along with WNET training programs and other small business assistance workshops traditionally held at the SBA's Education and Training Center, will be held at the new address.

Several workshops scheduled for October and November have been cancelled due to the unavailability of the SBA Education and Training Center. The SBA Regional Office is relocating to the same building, Suite 400.

## **District Director's Corner by Nancy Gilbertson It's Not Just About Getting Money, but Keeping it, Too**

SBA's small business lenders have set another Seattle District Office loan record. As we acknowledge their success in providing a half billion dollars in small business financing in Washington state and Northern Idaho, we also recognize those who helped prepare these entrepreneurs for financing.

SCORE, "Counselor's to America's Small Businesses," plays a crucial role making sure new businesses are bankable and successful by providing training and start-up counseling. What's most amazing about this is that the experience of these men and women who have started and managed small and large businesses is available for **FREE**.

There are seven SCORE chapters affiliated with the Seattle District Office. New  
**(continued page 3)**



# SBA AND PARTNER NEWS AND TRANSITIONS



Evergreen Community Development Association, a 504 lender serving

Washington, Oregon and Alaska and headquartered in Seattle, is celebrating it's 25th year in business. During its 25-year history, [Evergreen](#) has been involved in more than 1,400 projects, facilitating over \$1.5 billion in real estate transactions that created more than 27,000 jobs. The firm currently services over 700 loans.

Out of 250 CDC's chartered by the SBA nationwide, ECDA consistently ranks in the top 15 each year in new loan production.



## SBA Staff Members Retire, Move on to New Opportunities ...

Eighty-nine years of SBA experience retired or left the SBA Seattle District/Spokane Branch offices the end of September.

In Spokane, **Sharon Russell** and **Coralie Myers** both retired. Sharon had worked for the SBA for 30 years, Coralie for 28. The two worked in the Spokane office in various capacities. Coralie will continue to be present around the Spokane office, having become a SCORE volunteer.

Also in Spokane, Legal Assistant **Colleen Ruggles**, 13 years with the SBA, is taking a position with the SBA's 504 lending partner headquartered in Spokane, Northwest Business Development Association. **Rick Blum**, the Spokane Branch Office Information Technology Specialist, will move to San Diego to take a similar position in the SBA district office there.

In Seattle, **Sharon Barber**, who worked at the Tacoma Business Assistance Center, has resigned to take a position at the new Center for Business Development at Clover Park Technical College in Lakewood. Sharon has 27 years of federal government service, 18 of which were with the SBA.

## ... While Another Staff Member Returns!

Lead Lender Relations Specialist for the Seattle District Office, **Mark Costello**, returned to Seattle following a four-month assignment to the Portland District Office. Mark was the acting district director there, filling in following the retirements of both the district director and the deputy district director the end of May.



**Michele Parent**

Meanwhile, the faces at the SBA reception desk have changed and will continue to change. **Michele Parent** has joined the SCORE organization as the new receptionist and **Shari Geiger** has left to take a position with Expedia Corporate Travel. Shari became the receptionist last December and then took over as SCORE's administrative assistant when **Markara Sam** left for New York City last summer.

Michele is a native of the Seattle area, graduating from Roosevelt High School in 1999.

SCORE has also hired a new administrative assistant. **Mathew Westman** is a 2005 University of Washington graduate. He works Mon. – Fri. afternoons coordinating SCORE workshop activities.



**Celia Nightingale** has been hired as the counselor for the SBDC center at South Puget Sound Community College in Lacey. She replaces former Business Development Specialist Douglas Hammel. [Celia](#) previously worked at the Thurston County Economic Development Council in Lacey. The SBDC office has also relocated to Hawks Prairie Center.



**Howard Burd** has been elected chairman of the Seattle SCORE Chapter. Burd replaces Harry Martin.

Burd bought Metsker Maps in Seattle's Pioneer Square in the early 80s. He grew the business to three stores and sold it about five years ago. After living for a year in Ireland, he moved back to the Seattle area and joined SCORE.

Burd said one of his goals is to increase the organization's membership with more women and younger volunteers. Anyone interested in joining the organization, or in receiving counseling for starting or expanding a small business, can call Seattle SCORE at 206-553-7320.

Other Washington SCORE chapters with new leaders include the Yakima Valley chapter; **Dorothy Sinclair** is the new chair.

**Billie Moreland** (Spokane), **Paul Snare** (Tacoma), **Mike Cassidy** (Central Washington Chapter, Wenatchee), **Jim Thornton** (Mid-Columbia Chapter, Richland) and **Richard Emerson** (Bellingham) are all starting their second year of two-year terms.

# SBA's Surety Bond Program

By **Tom C. Ewbank**, Supervisory Surety Bond Guarantee Specialist, Seattle

Small contracting firms needing help meeting surety bond requirements to bid on projects may find assistance through a little-known SBA program that enables contractors to compete for government contracts and private sector work as well.

Surety bonds are often difficult for small firms to obtain because the surety companies that issue them are responsible to complete projects for contractors who stumble or default along the way. This happens when a contractor does not perform up to the specifications of the contract or does not promptly pay those parties who have supplied them with labor and materials.

The SBA Bond program does not issue the actual bonds or communicate directly with contractors. Rather, the SBA backs the bonds with a guarantee for contracts up to \$2 million, covering bid, performance and payment bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels.

In FY2004, Area Office Four, headquartered in Seattle, provided bond guarantees covering 454 contracts totaling \$94 million. We also processed 1,227 bid bond guarantees which gave contractors the opportunity to bid competitively against other contractors on contracts totaling \$328 million.

While this SBA program is very successful in helping new and smaller contractors obtain bonding, not everyone can qualify. Key reasons for denial are deficit working capital or equity, excessive credit problems, delinquent taxes or pending litigation.

On a positive note, most contractors with the proper technical background and managerial ability can obtain bonding at least to some level, if they are willing to start with modest bond requests, control their growth over time and follow the guidance and recommendations of their bond agent and SBA.

For more information call 206-553-2664 or go to [www.sba.gov/wa/seattle/seasbg.html](http://www.sba.gov/wa/seattle/seasbg.html).

## District Director's Corner (cont. from page 1)

officers have been elected to most of these organizations (see **page two**).

The largest chapter in the state is in Seattle with more than 120 volunteers providing counseling at over 30 sites. A complete list of Seattle SCORE counseling locations is available on-line at [www.seattlescore.org](http://www.seattlescore.org).

[Spokane SCORE](#) has more than 70 counselors working from the SBA Spokane Branch Office. [Tacoma SCORE](#) counselors work at the Tacoma Business Center at Bates Technical College with a small Olympia-based contingency at the Thurston County Economic Development Center in Lacey. The [Bellingham SCORE](#) chapter counsels in Bellingham, Mt. Vernon, and Coupeville; the [Central Washington SCORE](#) chapter is located in Wenatchee; the [Yakima Valley SCORE](#) chapter counsels in Yakima and Ellensburg; and volunteers with the [Mid-Columbia SCORE](#) chapter in Richland assist entrepreneurs in the Tri-Cities.

Getting a loan to start a small business is a great accomplishment, but paying it back is the true measure of a successful enterprise. Thanks to nearly 300 SCORE counselors working throughout the Seattle District Office territory, small business success is in the bank!

## Newly Released FAQ Updates Small Business Statistics

The Office of Advocacy at the U.S. Small Business Administration has updated the popular *Small Business FAQ*, compiling the most recent and important small business statistics in a useful and easily understood document. Upon releasing these statistics Dr. Chad Moutray, Chief Economist for the Office of Advocacy, said "These statistics paint a compelling picture of just how important small business is to America. They show that small businesses are America's job-creators, innovators, and the path to mainstream economic activity for all segments of our society." Specifically:

- There are 24.7 million businesses, of which 99.9 percent are small by SBA standards (500 or fewer employees);
- Small businesses generate more than 50 percent of the nonfarm private gross domestic product (GDP);
- Two-thirds of new employer firms survive at least two years after start-up, and 44 percent survive at least four years;
- Small businesses employ half of all private sector employees;
- Minorities own 4.1 million firms that generate \$694.1 billion in revenues and employ 4.8 million workers;
- Women own 6.5 million businesses that generate \$950.6 billion in revenues, and employ 7.2 million workers;
- In 2004, an estimated 580,900 employer firms opened while an estimated 576,200 closed;

*Small Business FAQ* can be downloaded as a PDF file at <http://www.sba.gov/advo/stats/sbfaq.pdf>.

Advocacy has also announced all the cool research is planned for this fiscal year. The office awarded twelve research contracts to study small firms' role in the nation's economic growth and development.

You can learn more about these projects by going to the office of Advocacy's Web site, [www.sba.gov/advo](http://www.sba.gov/advo).



# FINANCIAL WATCH: LENDER NEWS AND REVIEWS

## LowDoc Loan Program Suspended

Effective Sept. 30, the SBA discontinued the LowDoc Program. All future 7(a) loan applications other than PLP or *Express* loans must be submitted to the district office using the procedures and with the forms required for the standard 7(a) Program. (See [SOP 50 10](#) for complete requirements and instructions.)

Loan packages not processed by a LowDoc Center prior to the close of business Sept. 30 will be reviewed and approved by the district office as a standard 7(a) loan. In order to not cause undue disruption to potential borrowers, SBA district offices will accept applications submitted using LowDoc forms thru Oct. 31.

## Fees Adjusted for Loan Programs

Each year the fees payable to SBA are reviewed for adjustments to offset the estimated cost of loan losses. For 7(a) loans approved beginning Oct. 1, the “ongoing servicing fee” paid by lenders to SBA will be 0.545 of one percent. This is a slight increase from the FY 2005 ongoing fee of 0.500 of one percent. For 504 loans approved beginning Oct. 1 the “ongoing guarantee fee” paid by borrowers to SBA will be 0.192 of one percent. This is a

slight decrease from the FY '05 fee of 0.288 of one percent.

Version 2006 of the 7(a) and 504 authorizations (including the Wizard) reflect these fee changes and are available at [www.sba.gov/banking](http://www.sba.gov/banking).

The adjusted fees together with the other fees paid to SBA will keep both of these lending programs at a zero subsidy rate. The other fees payable to SBA remain the same.

## SBA Defers Loan Payments for Borrowers in Areas Hit by Hurricane Katrina

The SBA is providing an automatic 12-month deferment of principal and interest payments for SBA-serviced 7(a), 504 and disaster loans that were in regular servicing status as of Aug. 29 in Louisiana counties/parishes designated as federal disaster areas. Interest will continue to accrue on the loans.

In response to Hurricanes Katrina and Rita, the SBA has hired more than 2,300 loan officers, damage inspectors, loan closers and customer service staffers. The employees are working 12 - 14 hours seven days a week in 103 Disaster Recovery Centers located in the Gulf States, and in the agency's loan processing center, customer service center, and disaster field offices in Atlanta and Sacramento.

## Seattle District Office Lender with 50 or more loans (rankings by # of loans FY 2005)

Rankings for all 7(a) lenders in the Seattle and Spokane areas can be found at <http://www.sba.gov/wa/seattle/WashingtonStateFY05LendingActivity.pdf>.

| 7(a) Lender   | Headquarters         | Total        | \$ Amount            |
|---|----------------------|--------------|----------------------|
| Bank of America, NA   | Charlotte, N.C.      | 535          | 14,615,000           |
| U.S. Bank, NA   | Minneapolis, Minn.   | 283          | 38,432,000           |
| Wells Fargo Bank, NA  | Minneapolis, Minn.   | 184          | 23,215,400           |
| Capital One, Federal Savings Bank   | McLean, Vir.         | 156          | 7,145,000            |
| Mountain West Bank  | Coeur d'Alene, Idaho | 74           | 13,959,000           |
| Wilshire State Bank   | Los Angeles          | 67           | 41,781,000           |
| Whidbey Island Bank   | Oak Harbor           | 59           | 12,544,045           |
| Boeing Employee CU  | Seattle              | 58           | 4,587,700            |
| First Heritage Bank   | Snohomish            | 55           | 16,666,000           |
| <b>Total Lenders With More Than 50 Loans</b><br>(97 Other Banks With 50 Or Fewer Loans) |                      | <b>1,471</b> | <b>\$172,945,145</b> |
| <b>TOTAL 7(A) LENDING ACTIVITY</b>  |                      | <b>2,198</b> | <b>\$406,911,231</b> |
| <b>504 Loans by CDCs</b>  |                      |              |                      |
| Evergreen Community Development Assoc.  |                      | 85           | 47,922,000           |
| Northwest Business Development Assoc.   |                      | 72           | 33,589,000           |
| Panhandle Area Council, Inc.  |                      | 5            | 32,22,000            |
| Capital Matrix, Inc.  |                      | 2            | 519,000              |
| East-Central Idaho Development Company  |                      | 1            | 247,000              |
| <b>TOTAL 504 LENDING ACTIVITY</b>   |                      | <b>165</b>   | <b>\$85,499,000</b>  |

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